

# MARKET WATCH

BY **DINA EL BEHIRY**

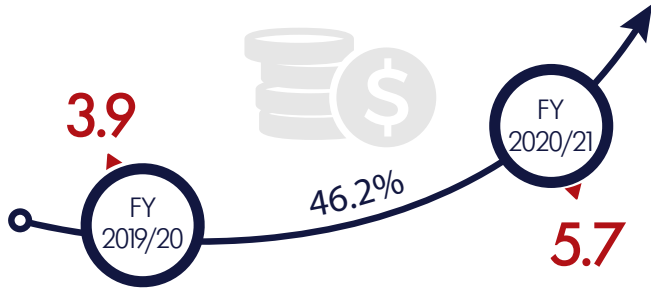
POWERED BY

INVESTIGATE  
RESEARCH & ANALYSIS

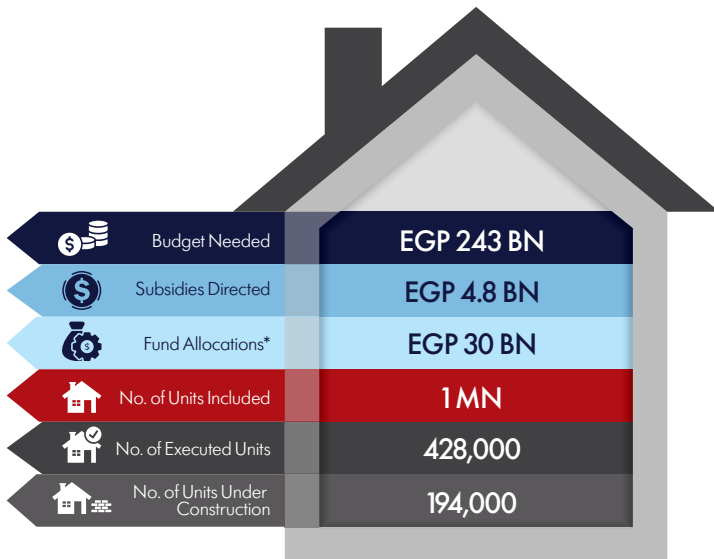
## GOV'T PLANS ON COURSE AMID COVID-19 OUTBREAK



SOCIAL HOUSING SUBSIDIES IN FY 2020/21 BUDGET DRAFT (EGP BN)



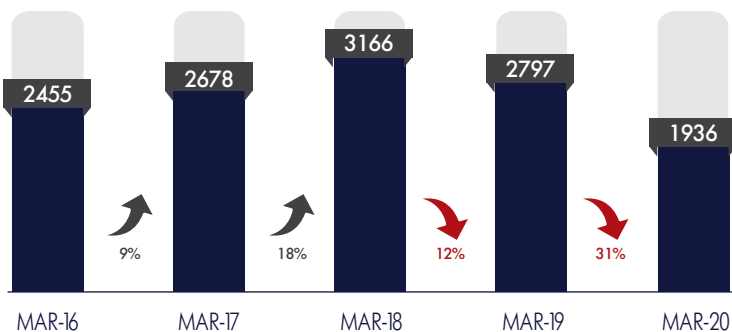
SOCIAL HOUSING PROGRAM



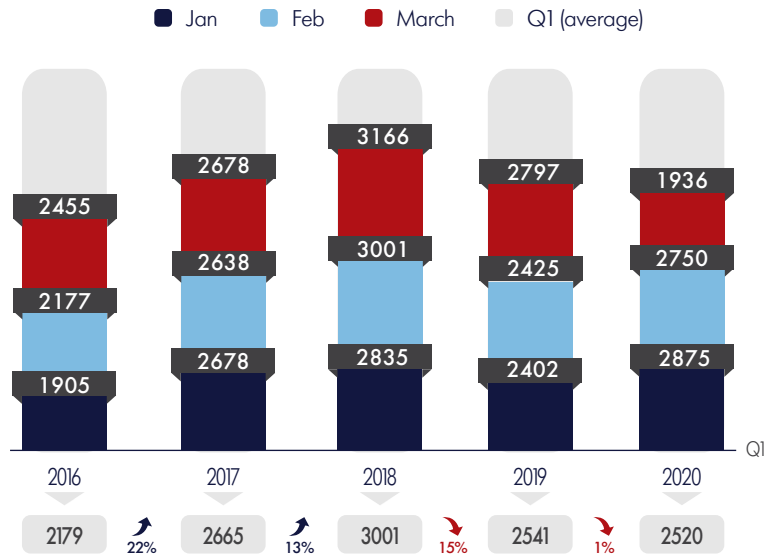
\*28 Banks & Mortgage Companies



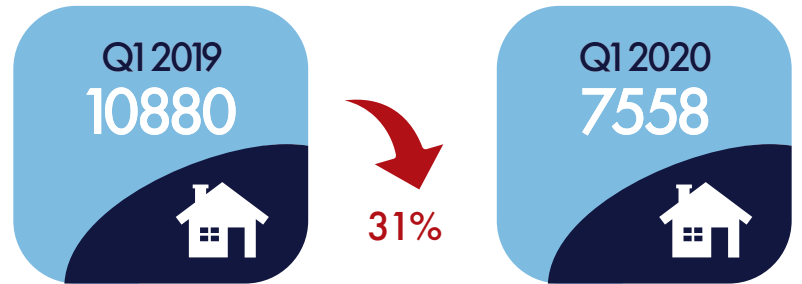
M-O-M REAL ESTATE DEMAND INDEX (POINTS)



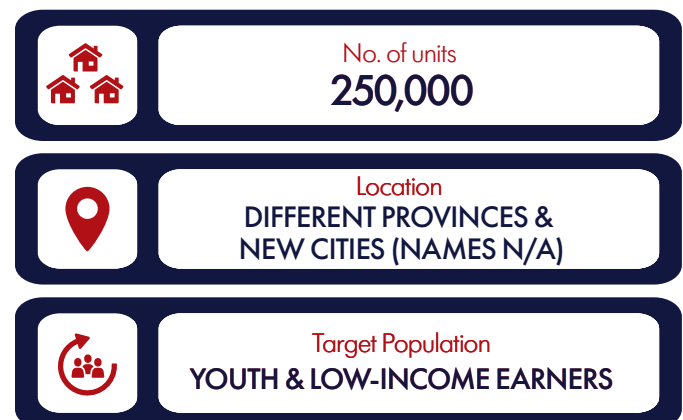
REAL ESTATE DEMAND INDEX (POINTS)



TRADING VALUE OF REAL ESTATE SECTOR (EGP BN)



NEW SOCIAL HOUSING UNITS (UNDER DISCUSSION)





NEW URBAN & INVESTMENT PROJECTS



NEW CITIES DEVELOPMENT



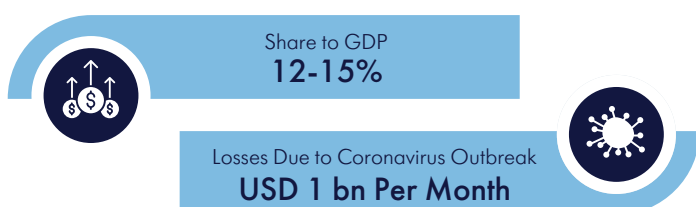
SLUM AREAS DEVELOPMENT



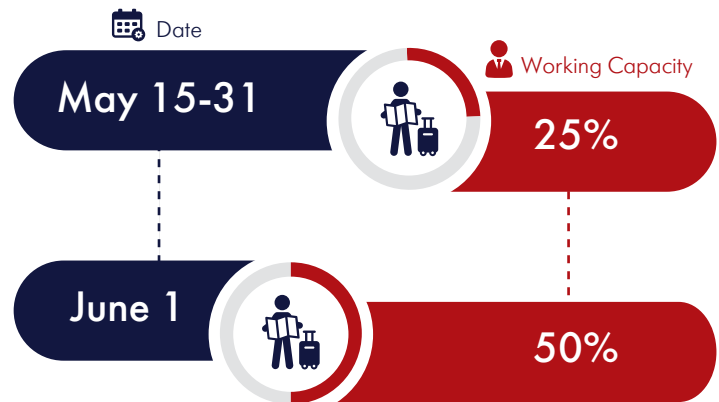
Fund Allocations in FY 2019/20  
**EGP 10.8 bn**



EGYPTIAN TOURISM SECTOR



DOMESTIC TOURISM: HOTELS REOPENED

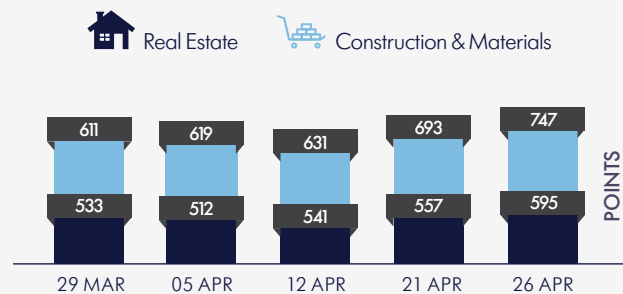


PRICES OF CONSTRUCTION MATERIALS (APRIL 2020) (EGP)

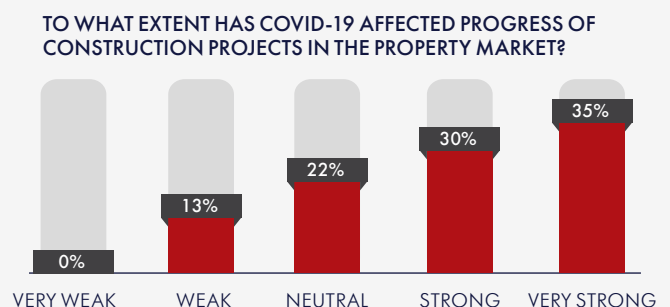
STEEL BARS (per ton)	CRETAL STEEL (per ton)	PORTLAND CEMENT (per ton)	COARSE SAND (per sqm)
9,600 (YOY -17.6%)	9,800 (YOY -21.6%)	820 (YOY -3.5%)	70 (YOY 7.7%)
SOLID CEMENT BRICKS (per 1,000 bricks)		BRICK HOLLOW CONCRETE (40x20x12 cm) (per 1,000 bricks)	
1,100 (YOY 3.8%)		5,200 (YOY 4%)	



REAL ESTATE & CONSTRUCTION STOCK MARKETS INDEXES PERFORMANCE IN EGYPT (2020)



ONLINE MONTHLY SURVEY (%)



Sources: Ministry of Housing, Utilities & Urban Communities, Slum Development Fund, Cabinet, EGX & Invest-Gate R&A

# NEW CITIES UPDATE



## NEW ADMINISTRATIVE CAPITAL (NAC)

Progress across National Projects



### CABINET BUILDING



Area  
**18.7 Acres**



Height  
**29 Meters**

Supply Volume



Lower Ground Floor



Ground Floor



3 Other Stories

Skeleton Frame

**Done** ✓

Buildings

**Done** ✓

Façade

**98% Finished**

Status

Electromechanical Networks

**95% Finished**



### CENTRAL PARK COMPLEX



Total Area  
**1,000 Acres**



No. of Phases  
**3**  
(CP 01, CP 02 & CP 03)

#### CP 01



Area  
**375 Acres**

Supply Volume



Outdoor Green Spaces



Several Projects Including Islamic Garden & Integrated Resort

#### CP 02



Area  
**306 Acres**

Supply Volume



Open Walking Areas



Heritage Garden



Recreational Areas



Open Theater

#### CP 03



Area  
**309 Acres**

Supply Volume



Outdoor Spaces



Kids Park



Library



Entertainment/Sports Club



### R3 RESIDENTIAL PROJECT



Completion Rate  
**84%**



Area  
**1,000 Acres**



No. of Neighborhoods  
**8**

#	Implementation Rate	No. of Residential Units
1st	Done	3,104
2nd	70%	Ready: 3,920
3rd	65%	Ready: 2,324
4th	75%	Ready: 274
5th	70%	Ready: 211
6th	N/A	N/A
7th	70%	Ready: 3,160
8th	Done	3,896



### ICONIC TOWER



Current Height  
**358.8 Meters**



Tubular Structure Height  
**150 Meters**

Supply Volume



Commercial Units



Administrative Units



5-Star Hotel

### 6TH OF OCTOBER CITY

New Commercial Mall (Name N/A)

**Location**  
El Wahat Road

**Area**  
11,000 m2

**Supply Volume**

- Service Areas
- Grocery Stores
- Cafes
- Parking Spots
- Restaurants
- Markets

### NEW ALAMEIN

Al Alamein International University

**Location**  
New Alamein

**Area**  
141 Acres

**Status**  
New Urban Community Authority (NUCA)  
Approved Strategic Plan for Building

### REHAB EXTENSION PROJECT (PHASE IX)

**Location**  
New Cairo

**No. of Residential Units Offered**  
238

**Reservation Method**  
Online as of March 15

**Down Payment**  
EGP 100,000

**Payment Method**  
Installments

### NEW SPHINX CITY

**Location**  
Cairo-Alexandria Desert Road

**Developer**  
NUCA

**Current Status**  
NUCA to Finalize Strategic Plan Within 2 Months

### JANNA

**Location**  
6 New Cities  
6th of October, Sheikh Zayed, New Cairo,  
New Mansoura, New Damietta & Shorouk Cities

**No. of Residential Units Offered**  
1,359

**Reservation Method**  
Online as of April

**Down Payment**  
EGP 50,000

**Payment Method**  
Installments

### DAR MISR

**Location**  
5 New Cities  
15th of May, Sadat, 10th of Ramadan, Badr  
& New Borg El Arab Cities

**No. of Residential Units Offered**  
1,061

**Reservation Method**  
Online as of May 3

**Down Payment**  
EGP 50,000

**Payment Method**  
Installments

### SAKAN MISR

**Location**  
8 New Cities  
New 6th of October, Obour, New Cairo, New Mansoura,  
Badr, Nasser (East Assiut), New Minya & East Gena Cities

**No. of Residential Units Offered**  
2,662

**Reservation Method**  
Online as of May 10

**Down Payment**  
EGP 50,000

**Payment Method**  
Installments

Source: 6th of October City Development Center, New Urban Community Authority (NUCA) & Ministry of Housing, Utilities & Urban Communities

# PRIVATE REAL ESTATE PROJECTS UPDATE



## CONSTRUCTION AWARDS

<p>Etapa II</p>	Developer <b>City Edge Developments &amp; Gama Construction</b>	Location <b>Sheikh Zayed, West Cairo</b>	Area <b>77 Acres</b>	No. of Residential Units <b>493</b>							
	Contracting Purpose <b>Gama to Carry Out Construction Works</b>	Construction Duration <b>12 Months</b>	Delivery Date <b>2021</b>	Award Value <b>EGP 138 mn</b>							
	Supply Volume <table border="1"> <tr> <td>Villas</td> <td>Apartments</td> </tr> </table>	Villas	Apartments								
Villas	Apartments										
<p>ZED Towers</p>	Developer <b>Ora Developers &amp; Orascom Construction</b>	Location <b>Sheikh Zayed, West Cairo</b>	Area <b>165 Acres</b>	No. of Residential Units <b>600</b>							
	Contracting Purpose <b>Orascom Construction to Build Phase I</b>	Construction Duration <b>35 Months</b>	Delivery Date <b>2023</b>	Award Value <b>EGP 1 bn</b>							
	Supply Volume <table border="1"> <tr> <td>Apartments</td> <td>Parking Spaces</td> <td>Commercial Mall</td> </tr> </table>	Apartments	Parking Spaces	Commercial Mall							
Apartments	Parking Spaces	Commercial Mall									
<p>Others</p>	Developer <b>El Attal Holding's Unit Attcon Constructions</b>	Date <b>Q1 2020</b>	Award Value <b>EGP 400 mn</b>								
	Projects <table border="1"> <tr> <td>Two Residential Developments</td> <td>Location</td> </tr> <tr> <td>Infrastructure Projects</td> <td>New Cairo</td> </tr> <tr> <td>Construction Works for Banks &amp; Foreign Embassies</td> <td>N/A</td> </tr> </table>		Two Residential Developments	Location	Infrastructure Projects	New Cairo	Construction Works for Banks & Foreign Embassies	N/A			
	Two Residential Developments	Location									
	Infrastructure Projects	New Cairo									
Construction Works for Banks & Foreign Embassies	N/A										



## PROJECTS UNDERWAY

<p>Kenz Compound</p>	Developer <b>First Group Developments</b>	Location <b>October Gardens, West Cairo</b>	Area <b>30 Acres</b>	No. of Residential Units <b>1,350</b>				
	Delivery Date <b>June 2021</b>	Plan <b>Market Entire Project in 2020</b>	News <table border="1"> <tr> <td>Sold 60% of Phase IV</td> </tr> <tr> <td>Payment Method: Installments</td> </tr> <tr> <td>1st Installment in 2021</td> </tr> <tr> <td>25% Upfront</td> </tr> </table>	Sold 60% of Phase IV	Payment Method: Installments	1st Installment in 2021	25% Upfront	
Sold 60% of Phase IV								
Payment Method: Installments								
1st Installment in 2021								
25% Upfront								
<p>Castle Landmark</p>	Developer <b>Castle Development</b>	Location <b>R7 District, NAC</b>	Area <b>43 Acres</b>	No. of Residential Units <b>1.800</b>				
	Delivery Date <b>2022</b>	Investments <b>EGP 5 bn</b>	Plan <b>Build 40% of Phase I in 2020</b>	News <b>Paying off EGP 170 mn to the ACUD</b>				
<p>iCity</p>	Developer <b>Mountain View &amp; NUCA</b>	Location <b>New Cairo</b>	Area <b>500 Acres</b>	No. of Residential Units <b>18.000</b>				
	Plan <b>Delivery of Phase I   No. of Residential Units: 1,200   Delivery Date: H2 2020</b>			News <b>Building Phase I</b>				
<p>Galleria</p>	Developer <b>Arabia Holding</b>	Location <b>New Cairo</b>	Area <b>71 Acres</b>	No. of Residential Units <b>2,000</b>				
	Plan <b>Offer More Mid-Range Units in the Future</b>	News <table border="1"> <tr> <td>Presenting Over 100 Fully-Finished Units Under the CBE's Initiative to Fund Mid-Range Housing</td> </tr> <tr> <td>Unit Areas: 125-150 m2</td> </tr> <tr> <td>Prices: EGP 2.25 mn &amp; Below</td> </tr> </table>	Presenting Over 100 Fully-Finished Units Under the CBE's Initiative to Fund Mid-Range Housing	Unit Areas: 125-150 m2	Prices: EGP 2.25 mn & Below			
Presenting Over 100 Fully-Finished Units Under the CBE's Initiative to Fund Mid-Range Housing								
Unit Areas: 125-150 m2								
Prices: EGP 2.25 mn & Below								

Source: Developers' Official Statements



PROJECTS UNDERWAY



Skyline

**Developer**

Memaar Al Morshedy

**Location**

Katameya, East Cairo

**No. of Residential Units**

13,500

**Delivery Date**  
2022

**Plan**

Release Phase II, or 3,000 units, in 2020

**News**

Sold 4,000 Units Since Launching



NEW RESIDENTIAL PROJECTS



Lake West (Phase I)

**Developer**

Cairo Capital Developments

**Location**

Sheikh Zayed, West Cairo

**Area**

22 Acres

**Launching Date**  
April 2020

**Delivery Date**  
2021

**Supply Volume**

No. of Residential Units  
120

Unit Areas  
265-500 m<sup>2</sup>

Prices  
EGP 3.5 mn & Above

Villas Only

Green Spaces/Landscapes

Service Areas



Zahra (Phase I)

**Developer**

Memaar Al Morshedy

**Location**

Sidi Abdel Rahman

**Area**

900 Acres

**Launching Date**

May

**Supply Volume**

No. of Residential Units  
2,000

Unit Areas  
60-200 m<sup>2</sup>

Prices  
EGP 1.48 mn & Above

Twinhouses

Chalets

Kids Areas

Townhouses

Villas

Commercial Mall

Entertainment Services

Green Spaces/Landscapes



New Project  
(Name N/A)

**Developer**

First Group Developments

**Location**

Sheikh Zayed, West Cairo

**Area**

40 Acres

**Launching Date**  
H2 2020

**Payment Method**  
Installments up to 10 Years

**Delivery Date**  
2023

**Supply Volume**

Villas Only



NEW COMMERCIAL PROJECTS



Kaya Plaza

**Developer**

First Group Developments

**Location**  
Cairo-Fayoum Main Road,  
6th of October City

**Area**

12,000 m<sup>2</sup>

**Units Area**  
50-250 m<sup>2</sup>

**Delivery Date**  
Before 2022

**Supply Volume**

Administrative, Commercial & Medical Units



Kazan Plaza

**Developer**

First Group Developments

**Location**  
6th of October City,  
West Cairo

**Area**

16,000 m<sup>2</sup>

**Units Area**  
58-120 m<sup>2</sup>

**Delivery Date**  
2022

**Supply Volume**

Administrative, Commercial & Medical Units

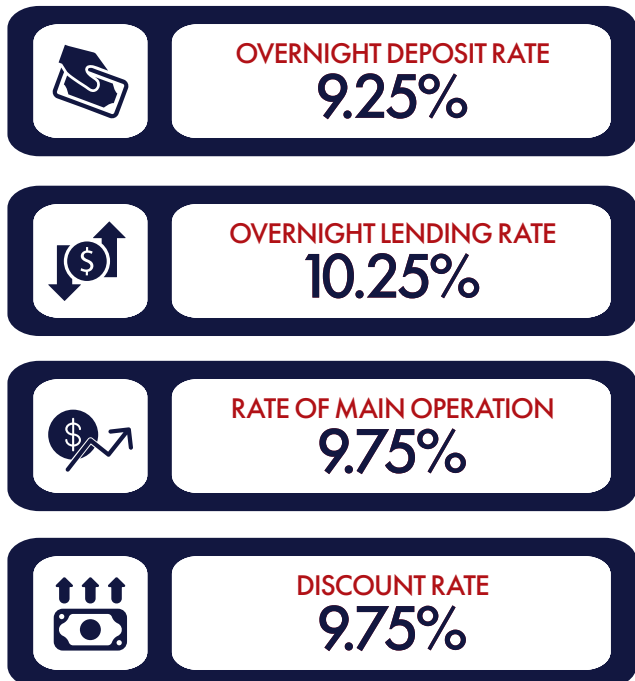
Source: Developers' Official Statements



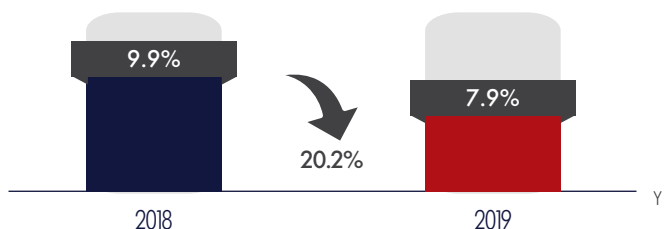
# ECONOMIC SNAPSHOT



## INTEREST RATES



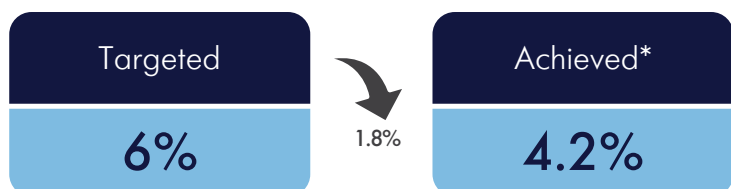
## UNEMPLOYMENT RATE



\*Because of Coronavirus Spread



## GDP GROWTH RATE IN FY 2019/20



\*Due to Coronavirus Outbreak



### ANNUAL HEADLINE INFLATION



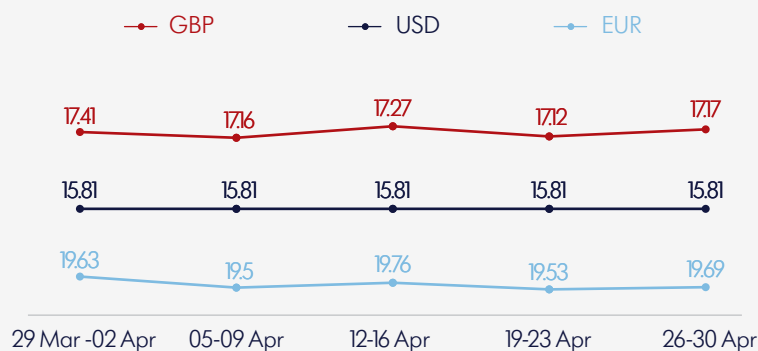
### NET INTERNATIONAL RESERVES (USD BN)



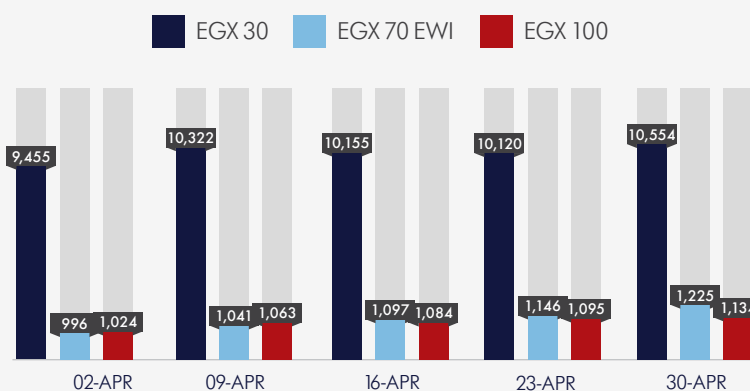
### PURCHASING MANAGERS' INDEX (PMI)



## Exchange Rates



## CAPITAL MARKET INDICATORS

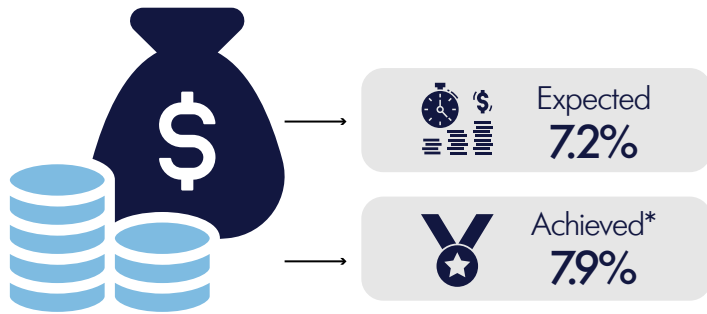


Sources: Central Bank of Egypt (CBE), Central Agency for Public Mobilization & Statistics (CAPMAS), IHS Markit, EGX & Cabinet





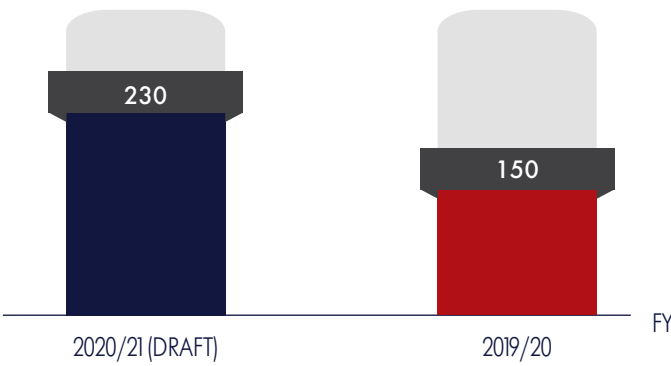
FY 2019/20 BUDGET DEFICIT



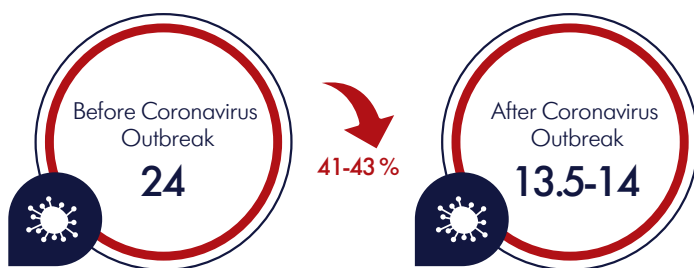
\*Due to Coronavirus Outbreak



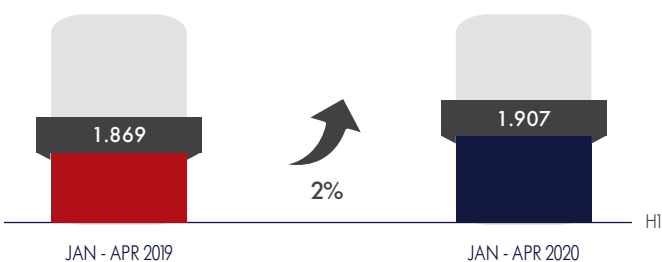
INVESTMENT BUDGET (EGP BN)



FOREIGN INVESTMENTS IN GOVERNMENT'S DEBT INSTRUMENTS (USD BN)



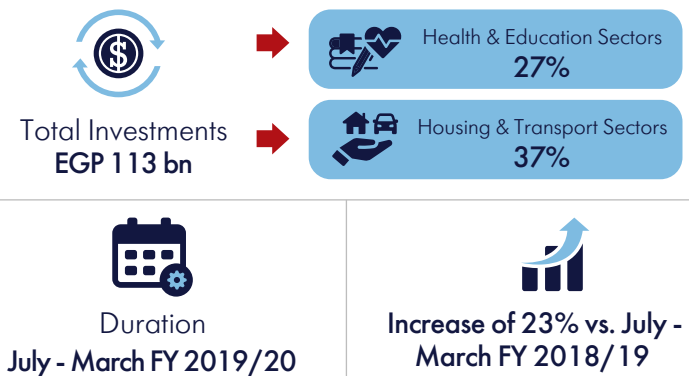
SUEZ CANAL REVENUES (USD BN)



PUBLIC INVESTMENTS (FY 2014/15 - FY 2019/20)



GOVERNMENT INVESTMENTS

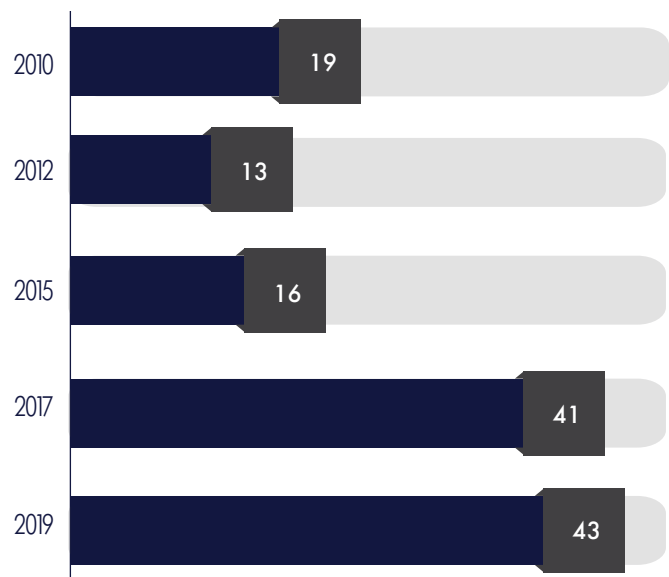


BUDGET TRANSPARENCY INDEX\*



Egypt Ranks **61** out of **117** countries

Transparency Score\*\*



\*This Index ranks countries based on their budgets transparency

\*\*Global Average is 45 out of 100

\*\*Benchmark= 61

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FULL ANALYSIS

**FACTS  
& FIGURES**

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# GOV'T PLANS ON TRACK DESPITE CORONAVIRUS WOES

BY **DINA EL BEHIRY**

No country has been spared by the Coronavirus pandemic, which has been crushing the world since late 2019. While focusing on its impacts on Egypt's real estate sector and demand cycle, it is worth noting that the industry, highlights Aqarmap's real estate demand index, saw a drop of 1% in Q1 2020 versus the year-ago period. On a month-on-month basis, the property market had its toughest decline in the first quarter ended March 31, where demand shrank by 31% compared with the prior-year period, hitting a five-year low. Not only that, but the outbreak resulted in a deterioration in real estate stock-market values on the Egyptian Exchange (EGX) by 31% in the first three months of this year, in comparison to Q1 2019.

In efforts to reinforce the Egyptian property industry, the government directed more subsidies to social housing in the FY 2020/21 budget draft, up 46.2% to log EGP 5.7 bn from EGP 3.9 bn in the previous fiscal year's budget. Yet, the Social Housing Program demands almost EGP 243 bn for implementation, under which 1 mn units will be established, according to Minister of Housing, Utilities, and Urban Communities Assem El Gazzar. So far, approximately 41% of the project was executed, where 194,000 apartments are under construction at a completion rate of 19%, he recently uncovered.

Additional steps are being taken by the Ministry of Housing as it helps the local real estate sector bounce back after COVID-19 disruption, including the establishment of new cities and housing units. In April, El Gazzar deliberated building 250,000 new social housing units for youths and low-income earners. Moreover, he passed ministerial approvals for the urban design and planning of 25 integrated urban and investment projects, which will contribute to creating 100,000 jobs and securing EGP 100 bn worth of investments into the Egyptian property market. Besides, the minister signed off on the foundation of four new cities in Q1 2020, namely New Fashn, New Malawi, New 6<sup>th</sup> of October, and New Qena Expansions.

With an eye on Egypt's tourism sector, which is already bearing monthly losses of almost USD 1 bn (EGP 15.8 bn) due to the Coronavirus hit, the government has allowed hotels to reopen for domestic tourists under specific conditions, with 25% occupancy limit until May-end, albeit extended to 50% as of June 1. Indeed, only hotels that are strictly implementing the composed safety precautionary measures will be qualified and permitted to resume operations, in a bid to combat the infection spread across the board.

Equally noteworthy is the fact that in spite of the constraints that COVID-19 is imposing on all levels, the Ministry of Housing is right on cue, continuing to offer new affordable houses nationwide in due course. The month of May started out with the ministry kicking off the online reservation for residential units in Dar Misr, Sakan Misr, and JANNA project across various new cities.

## Private Sector Follows Suit

Interestingly, major private property developers spare no efforts in continuing their plans. For construction awards. City Edge Developments (CED), for example, has awarded Gama Construction an EGP 138 mn contract to perform construction works of Etapa's phase II. Nevertheless, Ora Developers agreed on yet another project in west Cairo's Sheikh Zayed, inking an EGP 1 bn contract with Orascom Construction to carry out building works of ZED Towers' phase I. Besides, El Attal Holding's unit Attcon Constructions won awards worth EGP 400 mn to execute two residential developments, owned by governmental bodies, in the New Administrative Capital (NAC), alongside some infrastructure projects in New Cairo and construction works for many banks and foreign embassies nationwide.

Beyond that, many projects are still ongoing such as First Group Developments' Kenz Compound, which is planned to be delivered before year-end, in addition to Castle Developments' plans to build 40% of Castle Landmark's phase I in 2020. Moreover, Mountain View, in collaboration with the New Urban Communities Authority (NUCA), aims to deliver iCity's phase I in H2 2020, whilst Memaar Al Morshedy intends to release Skyline's phase II during the same year. Arabia Holding has also released over 100 fully-finished units in Galleria, under the Central Bank of Egypt's (CBE) initiative to fund mid-range housing.

Concerning new projects, Memaar Al Morshedy's Zahra is scheduled to see the launching of phase I in May, which is located in Sidi Abdel Rahman. Also, Cairo Capital Developments endeavors to deliver the first phase of Lake West in 2021, leaving out that First Group will launch a new residential project in Sheikh Zayed in H2 2020 and is planned for delivery three years later. Not only that, but the latter developer is also proceeding with the execution of two commercial projects to be handed over in 2022, called "Kaya Plaza" and "Kazan Plaza."

## Economic Status

To be brutally honest, the Coronavirus outbreak has been provoking severe economic turmoil and raising fears of a collapse of Egypt's hard-won macroeconomic stability. When assessing the GDP growth figures in light of the current crisis, it appears that the government reduced its GDP growth target to 4.2% from a previous target of 6%. Adding to that, the budget deficit to GDP reached 7.9%, instead of the targeted 7.2%.

Thanks to the economic repercussions of the COVID-19 outbreak, net international reserves registered almost USD 37 bn in April, down from USD 40.1 bn in the previous month. This is because the CBE used about USD 3.1 bn of its reserves to accommodate for the domestic market's foreign currency needs to import strategic goods, as well as for the repayment of external debt service obligations, Finance Minister Mohamed Maait recently announced.

Being one of the most devastating disasters to date, the pandemic caused inflation rates to spike, hitting 5.9% in April versus 5.1% in the previous month, on the back of price increases and the Ramadan season. Likewise, the IHS Markit's Purchasing Managers' Index (PMI) sank from 44.2 in March to an historic low of 29.7 in the following month. This is seen as an aftermath of imposing curfews and instituting restrictions on businesses, which resulted in job losses and drove unemployment rates to hit 9.2% in April. On top of that, foreign investments in debt instruments are now between USD 13.5-14 bn, dipping by 41-43% from USD 24 bn, after the exit of funds from the country during the last three months.

Given the current economic climate, the CBE's monetary policy committee (MPC) kept the current key policy rates unchanged, in an attempt to achieve an inflation rate of 9% in Q4 2020. Along the same lines, the government vows to bolster real estate development and contracting sectors, boosting the proposed investment budget for FY 2020/21 to EGP 230 bn, up from EGP 150 bn in the previous fiscal year's budget.

On the bright side, Egypt ranks 61 out of 117 countries in the International Budget Partnership's (IBP) Open Budget Survey 2019, which measures the state of budget transparency. After sustaining the 65<sup>th</sup> position since 2017, the North African nation scored positive by virtue of the Ministry of Finance's commitment in providing access to data through its publication of the citizen's budget and pre-budget statements.

# INVESTIGATE

RESEARCH & ANALYSIS

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